EXCISE 49975

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ACTION: Amembassy TRIPOLI PRIORITY

INFO: Amconsul DHAHRAN
Amembassy JIDDA
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Amembassy LAGOS
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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cf DATE 8/7/81
PORTIONS DENIED AS INDICATED

STATE

LIMDIS

Subject: Libyan Posted Price

1. [redacted] called Blake of AFN had last evening to inform him Oasis partners/had been summoned by LARG to meeting morning of September 12. Libyan particpants were Jallud, Mabruk, Maghrabi. Jallud informed Oasis representatives negotiations re posted price were now over and that companies were to have representatives present Tripoli within six days to sign "Occidental type agreement" with LARG on posted price. Specifically, Jallud indicated agreement would require increase from $2.23 per barrel to $2.53, rising to $2.63 at 2¢ annual rate over next five years. Retroactivity would be to 1965. When queried by Oasis representatives

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AF/N:JJBlake:nf	9/14/70	20455	AF/N - James J. Blake

CLEARANCES:

E/ORF/FSE - Mr. Clark

NEA - Mr. Long

AF/AFR-N - Mr. Foley

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as to whether LARG would approve increase in production levels as part of posted price agreement, Jallud indicated this was "technical question" with which meeting was not concerned.

2. [redacted] retroactivity provision was extremely difficult to swallow and will require outlay of approximately $80-85 million by Marathon alone if applied back to 1965. [redacted] Jallud had hinted some possibility retroactive payments could be ~~xx~~ spread over period of years but Jallud was not specific. [redacted] acceptance of retroactivity particularly galling because it would apply to period before Libyan crude assumed increased importance as result closure Suez Canal June 1967.

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3. Comment: Presumably Oasis partners are reviewing problem today New York. Best guess here is that they

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will go along with LARG demand in hope that they will be able to spread out retroactivity payments and obtain significant increase in production.

GP-3

END

ROGERS

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